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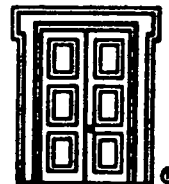
**BUREAU OF INDIAN AFFAIRS MANUAL  
U.S. TREASURY RECONCILIATION  
PROCEDURES BINDER VOLUME 1 OF 2**

**SEPTEMBER 1992**

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# RECONCILIATION PROCEDURES MANUAL

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**TAB 1**

**INTRODUCTION AND OVERALL PROCEDURES**

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**Bureau of Indian Affairs  
Treasury Reconciliation Procedures Manual**

**Introduction**

This RECONCILIATION PROCEDURES MANUAL is designed as a desk top reference resource for reconciling cash activities and balances as maintained by the U.S. Treasury (Treasury) with cash activities and balances as reported by the Bureau of Indian Affairs, Office of Trust Funds Management (BIA-OTFM).

As a Federal Agency, the BIA-OTFM is subject to all Federal reporting requirements as they apply to the receipt and disbursement activities of funds maintained by the Treasury for the BIA-OTFM. Specific reporting requirements are delineated in the Treasury Fiscal Requirements Manual for reports to Treasury and in Circular No. A-34, Memorandum No. 11 dated August 26, 1985 for reports to the Office of Management and Budget (OMB).

This Manual begins with an overview of the BIA reporting environment. In this overview, the user is provided with a basic overview and understanding of the BIA-OTFM's reporting environment and the relationships between the organizations involved. Descriptions of reports and other reporting processes are also presented.

Next comes a section of flowcharts. This section is intended for information flow analysis and getting a feel for the "big picture".

The bulk of this manual provides detail, step-by-step, reconciliation procedures, as well as, examples of completed reconciliations. Detail procedures are provided on the handling of various types of reconciling items.

And lastly, there are appendices in the back providing information that supplements the procedures themselves.

This manual was developed with the objective of ensuring, but not necessarily guaranteeing, that all transactions were properly recorded and reported by BIA-OTFM pursuant to existing Federal reporting requirements.

### U.S Treasury Reporting Systems Background

Treasury functions as a "bank" and disbursing agent for the Bureau. Unlike a commercial bank, however, when Treasury checks are written by the Bureau, the amounts are deducted from the Bureau's Indian Trust Funds balances, regardless of when (and whether) the checks written are eventually negotiated by payees.

Treasury receives funds for the BIA via deposits made at Federal depository institutions (commercial banks) SF1081 transfers or through electronic fund transfers (EFTs) to the Federal Reserve Bank of New York. The term Federal Reserve Bank (FRB) refers to any district bank or branch bank in the federal reserve system. The Treasury is a client with the FRB and maintains an account at the FRB. The FRB, through the Treasury Financial Communications System (TFCS) provides the capability for automated processing of receipts and fund transfers. EFT deposits received for the Bureau can be obtained by accessing the TFCS. The Bureau and FRB's are both required to report cash activity to Treasury. The Bureau reports cash activity to Treasury monthly whereas the FRB's submit daily reports. Treasury in turn reports differences between the two entities to the Bureau. The Bureau may access this information through the Governmental Online Accounting Link System (GOALS) at any time.

In general Treasury will adjust its books for unreconciled variances which are outstanding for six months by recording unreconciled variances into suspense accounts. This reconciliation manual and its procedures are designed to clear reconciling differences. The procedures will not allow for items to be carried beyond the six month grace period before items are transferred into a Treasury's suspense account. Additionally, the reconciliation procedures can be utilized to clear amounts which are currently in Treasury suspense accounts. The basic objectives of the reconciliation process are similar to balancing a bank account. Treasury reports, discussed later in the Treasury Reports section of this manual, can be viewed as the bank statements which are reconciled to Trust Fund Management System (TFMS) reports which can be viewed as the checkbook. The reconciliation process allows us to identify and resolve differences as they occur.

The Treasury, as part of its function of maintaining Federal funds, assigns an Agency Location Code (ALC) to all agencies within the government. An ALC is an 8 digit number that identifies each agency within the government. The following is a narrative of how these ALC's are configured using 142006xx as an example:

14- - first two digits denote the department (14 identifies the Department of Interior),  
20- - next two digits denote the bureau within the department (20 is assigned to BIA),  
06xx the last four digits identify the division or office within a bureau.

The following is a list of ALC's used by the Bureau of Indian Affairs:

14200699 - Had been used for appropriated funds and trust funds through 9/30/91 and is currently used for appropriated funds.  
14200650 - Is used mainly for investment activity for all trust funds.  
14x4844 - Is a disbursing symbol used for IIM funds.  
14200651 - Used for trust funds activity previously accounted for via 14200699, (established in 1991).

Appropriations (Treasury level accounts) are assigned to identify funds segregated within Treasury (Federal accounting environment). The following is a list of appropriations for which cash activity is reported:

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5240	Operation and Maintenance, Indian Irrigation Systems
5648	Power Systems, Indian Irrigation Projects
6039	Individual Indian Money
6140	Alaskan Native Escrow Fund
8060	Bequest of George C. Edgeter
8563	Contributed Funds
8365	Indian Tribal Funds
8366	Cooperative Fund (Papago)
8368	Navajo Rehabilitation Trust Fund
6822,3220,6875	Various clearing or suspense accounts

The following ALC is assigned to Minerals Management Services (MMS), a separate Federal reporting entity, to report deposits collected by MMS on behalf of appropriation 8365 and 6039:

14170001 - MMS activity (SF1081 royalty activity).

This manual provides reconciliation procedures for trust fund activities in ALC's 0650, 0651, and 4844. This manual also includes reconciliation procedures for MMS collections, deposited and reported to Treasury on behalf of appropriations 6039 and 8365, more commonly known as MMS receipts.

#### **Treasury Reporting Forms Prepared by the Bureau and Submitted to Treasury**

The following standard Treasury reporting forms are used to report trust fund activities each month. Based on its G/L activities and balances, the BIA prepares and submits these forms to Treasury.

##### ***SF224 (Statement of Transactions)***

A Statement of Transactions (SF224) is prepared monthly for each ALC assigned to the Bureau. The SF224 is manually prepared by the Branch of Tribal Trust Funds for ALC 0650 and 0651. The SF224 reports collections and disbursements made for each appropriation under respective ALC's (see above listing of commonly used appropriations). Funds include Tribal Funds, Individual Indians Monies, Contributed Funds, and Alaskan Native Escrow Funds. Appropriated funds which include funding for various programs and administrative costs to operate the Bureau are not accounted for by the Office of Trust Funds Management in the monthly SF224. However, occasionally there may be some administrative costs included. MMS prepares its own SF224 to report to Treasury the SF1081 Mineral receipts which affected Bureau ALC's (see MMS SF224 discussed below). Thus, these amounts reported by MMS are not included in the Bureau prepared SF224's. The SF224 is electronically transmitted on GOALS to Treasury.

##### ***SF133 (Report on Budget Execution)***

A Report on Budget Execution (SF133) is prepared and submitted to OMB. The SF133 is required by OMB monthly and is used to report summary level activity. Activities as reported on the SF224 and SF133 should be in agreement. This report is manually prepared based on information found on SF224's for ALC's 0001, 0699, 0650 and 0651. The SF133 data should be reconciled to Form 6653 (discussed below) which is also generated by Treasury. Currently SF133 reports are prepared monthly by OTFM for appropriations

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8365, 8366, 8368, 8060, and 8563 from information on SF1219/1220, SF224, and the TFMS.

***SF1219 (Statement of Accountability)***

The SF1219 reports total deposit and disbursement activities at a summary level for their respective ALC. The SF1219 is required of each accountable officer and is to be submitted to Treasury on a monthly basis. Currently, two SF1219 reports are prepared by OTFM; one by the Branch of Investments and one by the Branch of IIM. This report is due no later than the third working day following the close of the reporting month.

***SF1220 (Statement of Transactions According to ALC's, Funds, and Receipt Accounts)***

The SF1220 identifies disbursements and collections processed for each appropriation under respective ALC's for each accounting period. The SF1220 is the supporting detail to the SF1219.

**Note:** The SF1219/1220 are prepared manually from EOM TFMS report balances. The SF224 and SF133 are prepared from accomplished source documents processed by Bureau agencies, areas, and central offices and may not necessarily reflect what has been posted to the TFMS. Some reasons why the reports do not agree to the TFMS include: 1) timing differences, i.e. a receipt collected in a remote site on the last day of the month might not be posted to the TFMS until a subsequent period, 2) nonreceipt of documentation, i.e. investment documents reported on the SF224 might not be received by the Division of Trust Funds Accounting on a timely basis, if at all, 3) source documents posted to the TFMS may not be available or may have been misfiled and thus are not included in the SF224, 4) posting errors to either the TFMS, SF224 or both.

**Bureau Generated Reports**

***TFS3510 (for ALC 4844)***

The Treasury Finance System (TFS3510) is generated by the Albuquerque ISSDA Check Reporting System weekly and identifies the beginning and ending check number, month, total checks issued, and total dollar amount of checks issued. This report summarizes all Daily Disbursement Reports (DDR's) that are submitted to Treasury on magnetic tape along with a copy of the TFS3510 on a weekly and monthly basis. Treasury summarizes all disbursements which are reported on the TFS3510 on a Check Transmittal Report. This report is used to reconcile between the TFMS report and the Check Payment Reconciled Transmittal Status Report.

***E Z Trieve Report for SF224 (for ALC 0650)***

This report is generated from an E Z Trieve database management program which is used to sort G/L information from source documents into a format that facilitates in reporting SF224 information. The report summarizes all ALC 0650 investment activity for a month. This report is sorted by document type by ALC, whereas the associated Treasury reports are summarized by document description. This report is generated by manually compiling source documents, setting up code sheets and inputting pertinent investment information into E Z Trieve similar to the input process for both the TFMS and the Money Max System. Document information is then sorted in E Z Trieve by appropriation, by description, and by

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transaction type (Receipts, Refund or Disbursement). This report is then used to prepare the SF224 which is submitted to Treasury.

#### ***MMS SF224 Detail Report***

MMS prepares its SF224 for Treasury. MMS's SF224 reports reflect collections made on behalf of the BIA. No disbursements should be made or reported by MMS. This report is used to track the detail of minerals, oil, gas and other royalty receipts which are reported by MMS in its monthly SF224. MMS receipts are supported by checks, EFT's and SF1081s which are receipted by MMS. Transfers of funds between MMS and BIA are supported by SF1081's. SF1081s are sent from MMS to BIA-OTFM to provide the accounting information necessary to credit appropriate TFMS account balances and to reflect what MMS deposits reported to Treasury.

#### ***TFMS Reports***

TFMS was designed to account primarily for appropriated funds and to generate automated reports such as the SF224 and the SF133's. Since both trust and appropriated funds were maintained on the same system through September 30, 1991, all monthly activity reports are generated from the TFMS for fund groups 1, 3, 4, 5, & 6. The following list identifies Bureau fund groups and commonly used ALC's and appropriations:

<u>Fund Group</u>	<u>Description</u>	<u>ALC</u>	<u>Appropriation</u>
1	General and Special (Appropriated Funds)	0651/0699	6875/3220
2	Revolving Funds	0699	Various non-trust fund
3	Power and Irrigation	0650/0699	5248/5246
4	Contributed and Alaska Native Escrow Fund	0650/51/99 8563/6140	8366/8368/
5	Tribal Funds	0650/51/99	8365
6	Individual Indian Monies	0650/99/4844	6039

The following is a list of TFMS cash accounts used to create monthly reconciliation reports:

<u>Fund Group</u>	<u>Cash Accounts</u>
1	640.71 and 104.71
2.	N/A (non-trust funds)
3.	101.90
4.	101.90, 104.71, and 104.90
5.	101.31, 101.40, 101.60, 101.90, 102.71, 102.80, and 102.90
6.	101.32, 101.71, 104.90, 104.31 and 104.71

The following is a list of reports used in the Treasury Reconciliation and the criteria for each report:

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<u>Report</u>	<u>Description/Criteria</u>
REC650	All funds above excluding overnight investments and field activity (appropriation 8365, element component 0810 and 0625 and all VS, CT (without N extension) and DT documents are excluded from sort)
RECOVR	All funds above exclusive to overnight investments (appropriation 8365 and element component 0810 and 0625 are only selected in sort)
REC651	Fund group 5, 1- account 640.71, 4- account 101.90, and 6- account 101.71 including all VS, CT (without N extension) and DT documents
RECIIM	Fund group 6 - account 104.31 and 104.71 including all VS, CT and DT documents
RECMMS	Fund group 5 and 6 (account 104.90) - all MM Documents

#### Reports provided by Treasury

Treasury maintains various types of data that are essential in the reconciliation process. Uses of each available report are explained later in relevant sections of the reconciliation procedures. A brief description of each is provided as to what should have occurred at Treasury per BIA

reporting. Unresolved variances noted on this report will be placed in Treasury suspense accounts after six months as mentioned above in the introductory paragraphs.

#### ***Treasury Form 6653 (undisbursed appropriation account ledger)***

This data is maintained by Treasury and summarizes all deposit and disbursement activity as reported to Treasury. The information contains data as reported via the SF224's and SF1219/1220 reports and beginning and ending balances. This report identifies total net disbursements by ALC which includes SF1081 transactions.

#### ***Monthly Deposit Ticket/Debit Voucher Support List***

This listing contains detail information of individual deposits reported on Form 6652. This report is necessary to reconciling deposits per TFMS versus what was collected/receipted at Treasury. It is available for both Tribal and IIM deposit activities.

#### ***GOAL's Agency Confirmation Report***

This report summarizes monthly disbursements as reported via SF1166's to Treasury by the Bureau. The total per this report should equal the total disbursements noted on the SOD. This report is not available for IIM. (See the discussion of the 90 Day Old or Greater report below for the comparable report for IIM). This confirmation report is reconciled to the TFMS.

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***90 Days Old or Greater ( for ALC 4844 only)***

This report is generated by Treasury and identifies all checks (usually < \$5,000) which have cleared FRB'S but have not been reported to Treasury within 90 days of clearing. Although the BIA-OTFM reports checks data via magnetic tape and TFS3510's, the unreported checks originate from Area Offices which generate manual checks and are slow in reporting to the Central Office. This report is generated by Treasury only in months where checks are unreported for 90 days.

***Check Payment Reconciled Transmittal Status Report (for ALC 4844)***

The report is generated by Treasury and summarizes all check ranges and total range amounts which have been reported to Treasury by the Bureau. This report is necessary to reconcile check range (number/dollar) differences before they become items in the 90 Days Old or Greater report.

**Conclusion**

This purpose of the introduction section is to familiarize the person reconciling with general Treasury and Bureau terms, procedures, reports and standard forms that will be referenced throughout the remaining sections of this manual. Detail reconciliation procedures including examples are contained in subsequent sections of this manual. However, reference to introduction material is recommended until a complete working knowledge of terms, procedures, reports and standard forms listed above has been acquired.

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### **Supervisory Review Procedures**

Management assigned to review monthly reconciliations will ensure that reconciliations are being completed in a timely and efficient manner. The following review procedures are required by assigned management:

1. Obtain the monthly reconciliation folder and ensure that Treasury and TFMS totals are properly agreed between required reports, such as Form 6652, 6653, SF1219/1220, SF224 and related TFMS Reports.
2. Agree the supporting reconciling items detail to the total variance between reporting entities.
3. Review reconciling items and disposition notes to ensure that reconciling items were properly cleared.
4. Initial all work which is reviewed and return monthly folders and comments/suggestions for follow-up to person reconciling.
5. Ensure that reconciliations are maintained and stored by fiscal year.

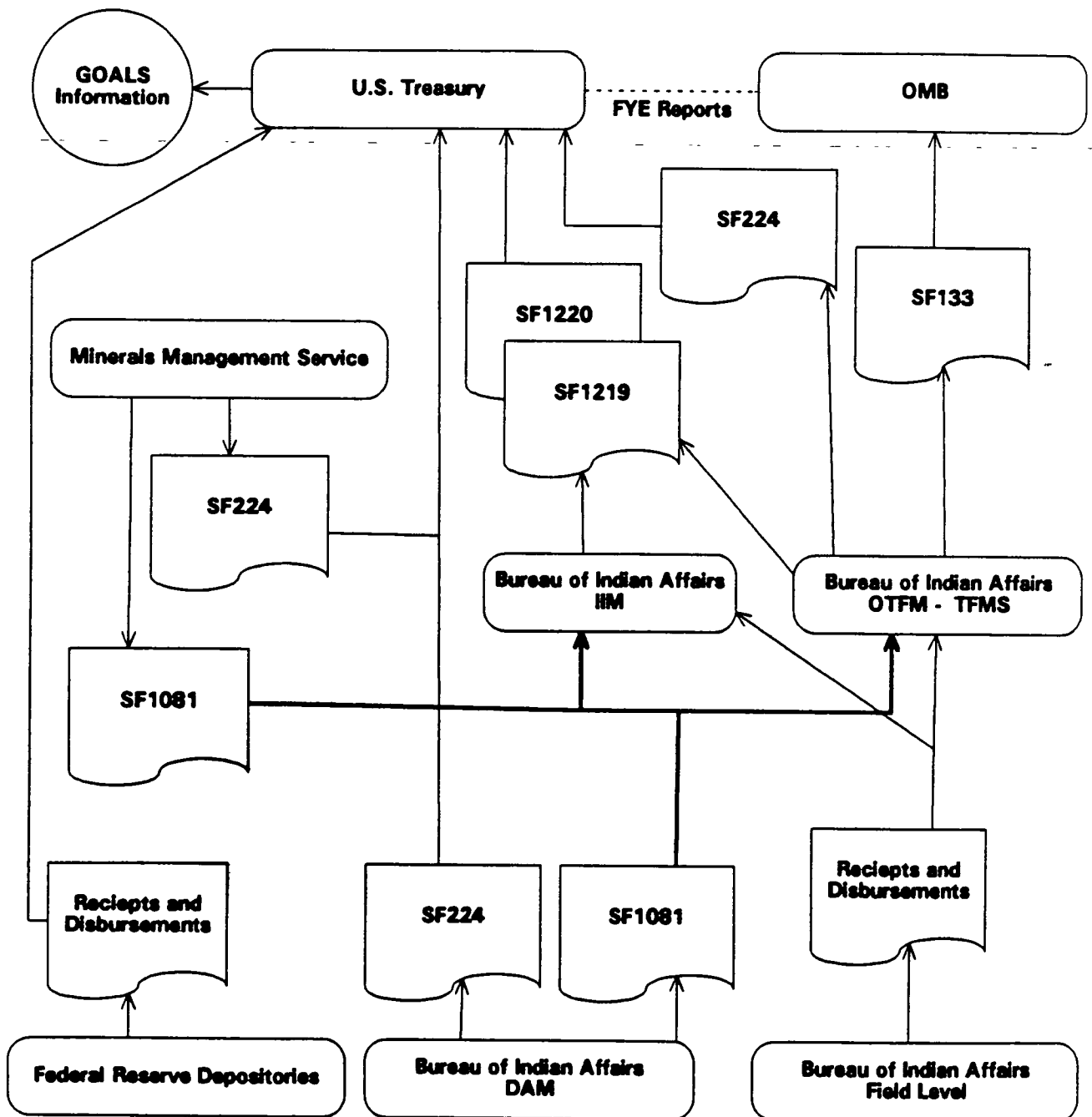
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**REPORTING FLOWCHARTS**

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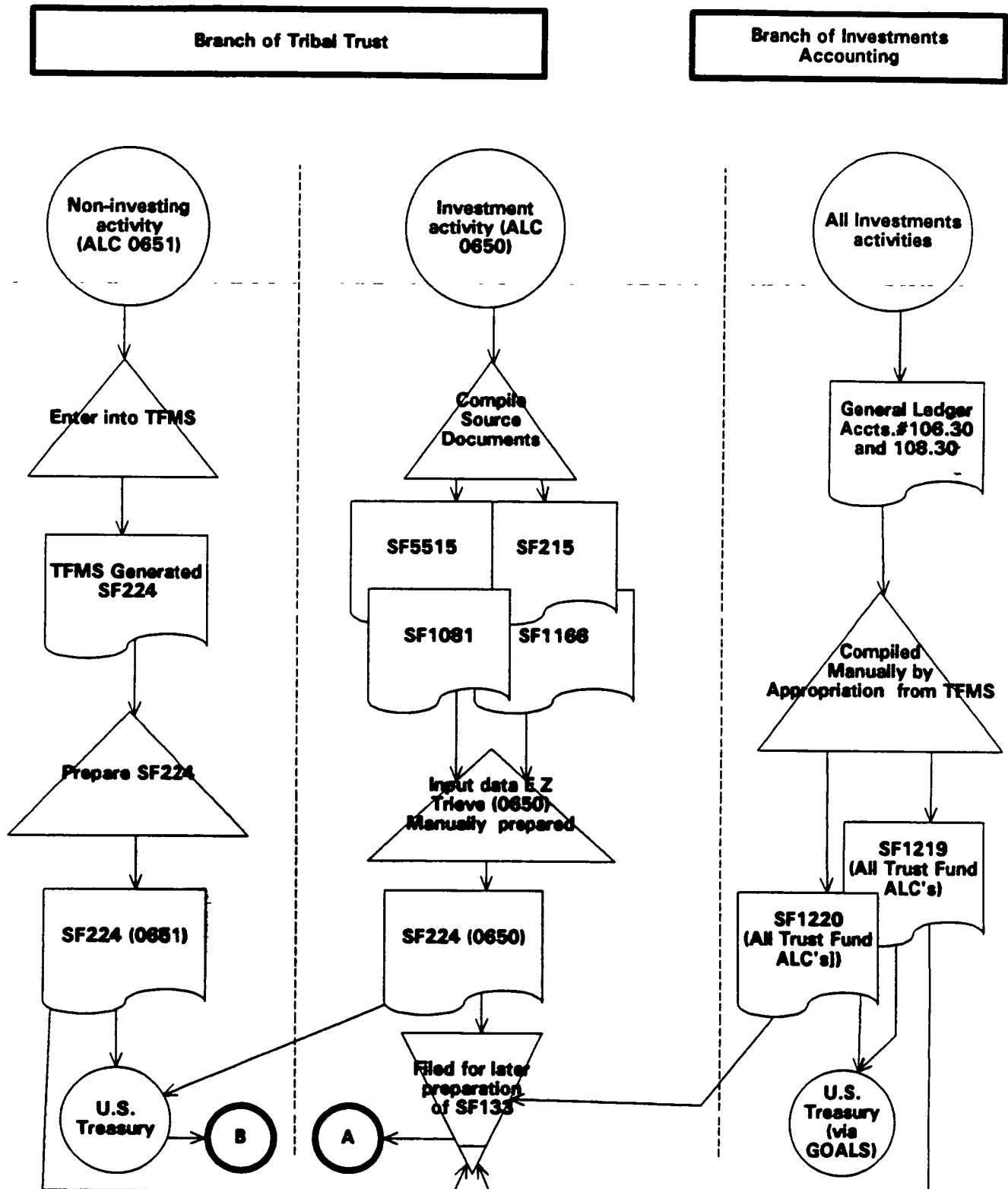
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**Bureau of Indian Affairs /OTFM  
Reporting Environment**



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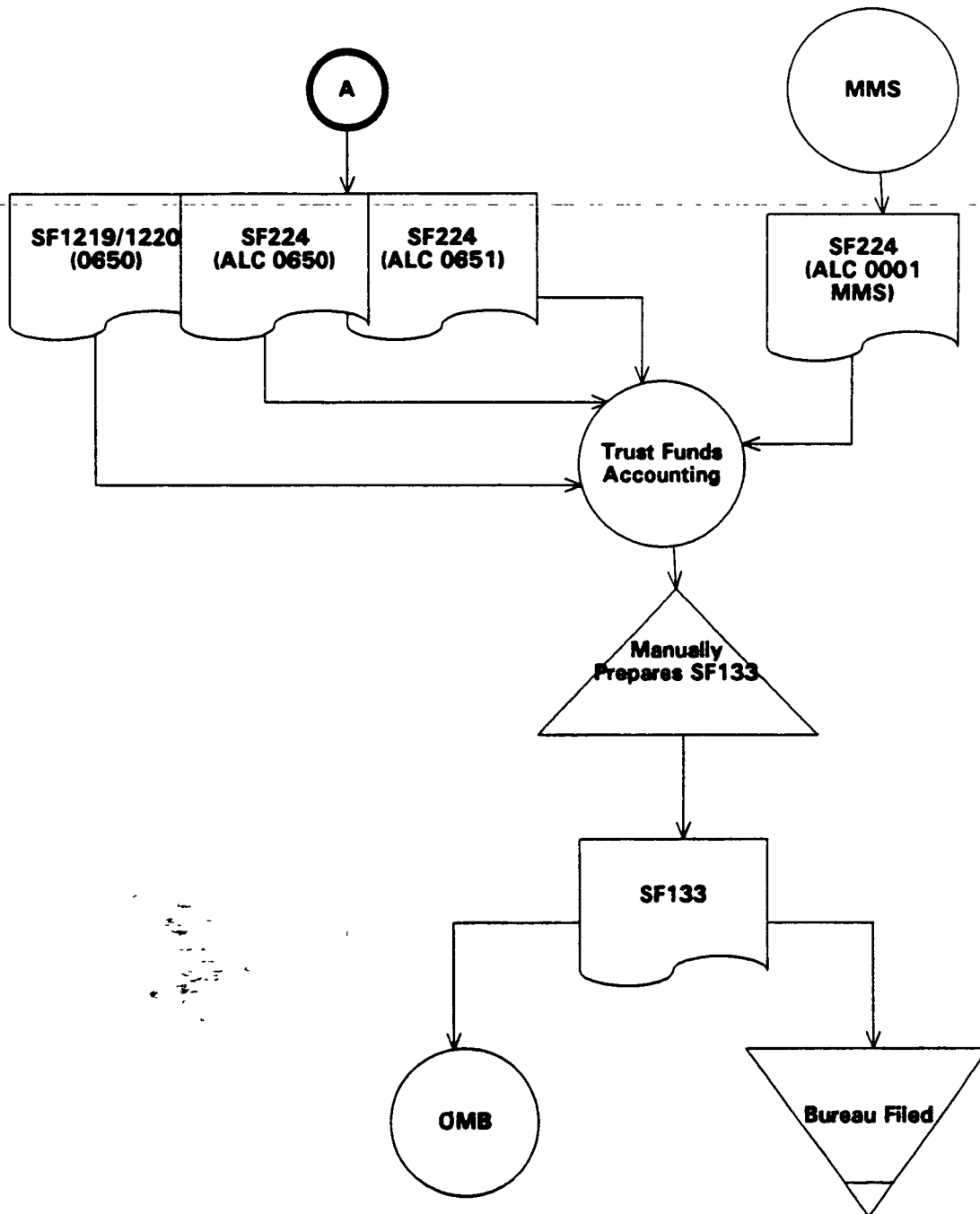
**BIA/OTFM/DTFA  
Tribal Trust Fund Treasury Reporting  
Flow Chart**



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BIA/OTFM/DTFA  
OMB SF133 Reporting  
Flowchart

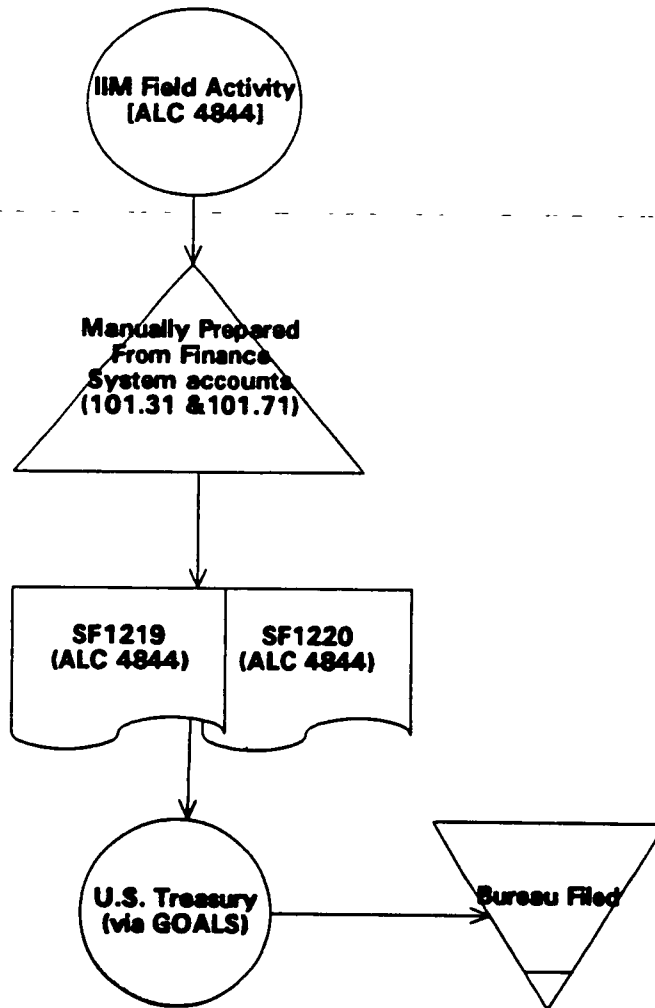
Branch of Tribal Trust Fund Accounting





**BIA/OTFM/DTFA  
IIM Treasury  
Reporting  
Flowchart**

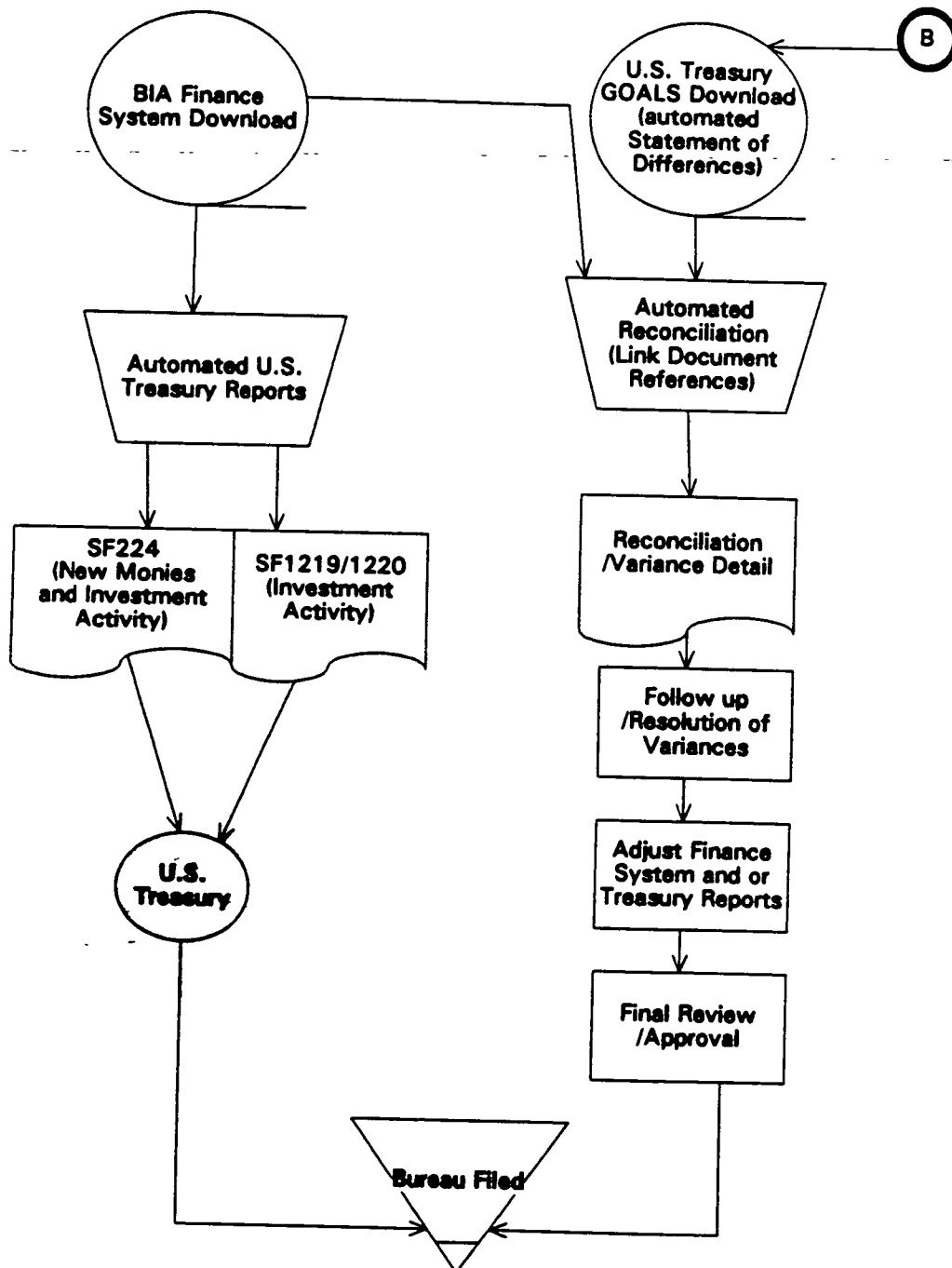
**Division of Trust Fund Accounting  
Branch of IIM**



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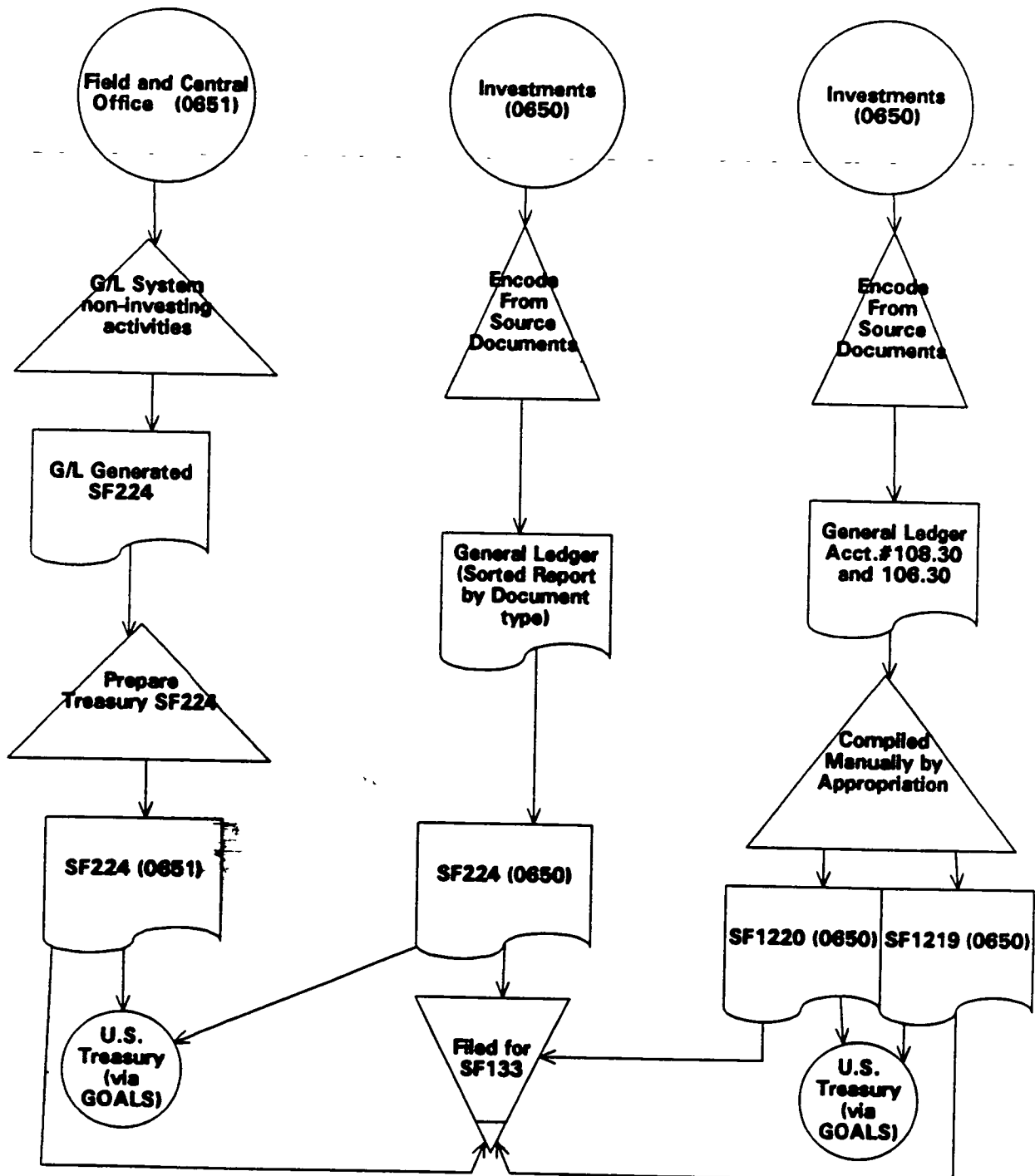
**BIA/OTFM  
Proposed Automated  
Reconciliation Flowchart**

**Division of Trust Fund Accounting Branch of Reporting**



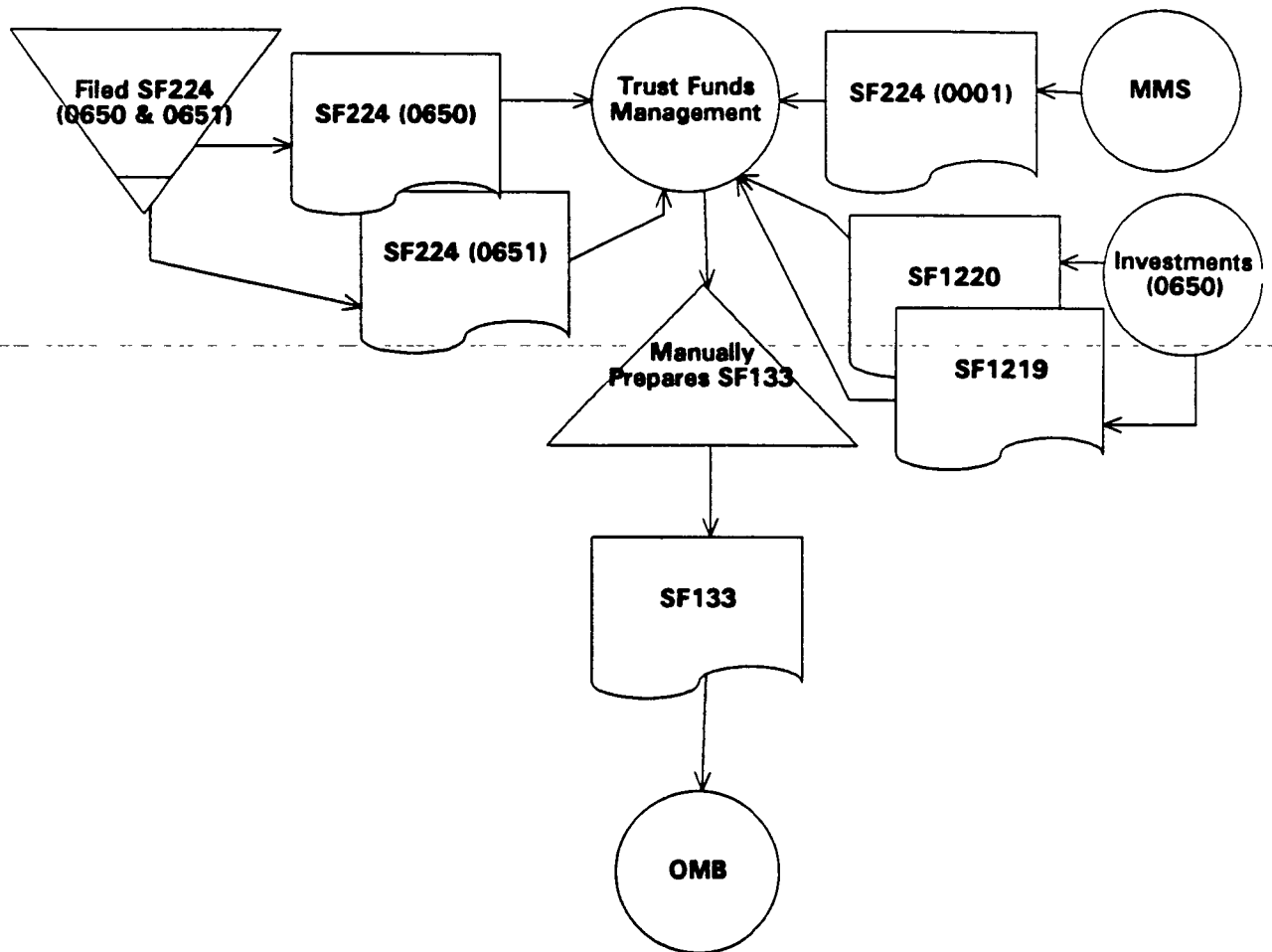
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**BIA/OTFM  
Tribal Trust Fund Treasury  
Reporting Flow Chart  
(Revised per this Manual)**



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**SF133  
Flowchart  
Diagram**



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**IIM Treasury  
Reporting  
Flow Chart**

